



Connecticut  
Light & Power

The Northeast Utilities System



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TESTIMONY OF JAY FLETCHER  
THE CONNECTICUT LIGHT AND POWER COMPANY  
and YANKEE GAS SERVICES COMPANY

Finance Committee  
March 4, 2013

**RE: GOVERNOR'S BILL NO. 843, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT  
THE GOVERNOR'S BUDGET**

Good afternoon. My name is Jay Fletcher, Director of Regulatory Policy for Northeast Utilities Service Company. I am appearing on behalf of The Connecticut Light and Power Company and Yankee Gas Services Company. With me today is James Shuckerow, Director of Electric Supply for Northeast Utilities Service Company.

The proposed legislation implements several of the items contained in the Governor's budget for the next two fiscal years. There are two sections, however, that we wish to provide comments on for your consideration.

**Section 18** of the proposed legislation establishes a mechanism to give customers who convert to natural gas a \$500 rebate to offset the cost of converting. We applaud the efforts of the Governor and this legislature to expand the use of natural gas for heating purposes thereby creating opportunities for customers to save money on their energy bill and to help clean our air. One of the major challenges to converting customers to lower cost, cleaner natural gas is the upfront cost of the new equipment (e.g., a new gas-burning heating system). This rebate is an additional tool to help customers switch to natural gas. Used in conjunction with the other provisions of the Comprehensive Energy Strategy, there should be a raised level of interest and inquiries by customers to convert to natural gas. We suggest that the definition of "eligible customer" be changed to allow any conversion customer to be eligible for the credit. As currently written, the legislation only allows customers who are "off main" to be eligible. However, there are many customers who are in close proximity to natural gas lines (in other words "on main" customers) who can be converted to natural gas with little upfront cost, as compared to customers who require a main extension. A \$500 rebate would certainly help customers convert to natural gas,

and these customers would immediately provide benefits to all other existing customers. With this change, we fully support Section 18 of the proposed legislation.

**Section 19** creates an auction to aggregate the approximate 800,000 electric utility customers who have chosen to stay with Standard Service. We understand that Connecticut's fiscal situation is a challenge to policy makers. This proposal estimates that the auction will bring approximately \$80 million dollars to the General Fund. The Section also provides for a 5% reduction of the generation portion of the electric bill for those customers who will be auctioned. Based on our understanding of this section, the potential savings to electric customers who would be forced to leave standard service is \$2.50 per month in the first year of the auction.

The ability to choose competitive generation service has been in place for 13 years in Connecticut. About 45 percent of our customers have individually chosen to utilize the services of competitive retail generation suppliers, and about fifty-five percent have chosen to stay with CL&P. The current procurement process for developing the price for the standard service generation charge is completely transparent and is established and reviewed in conjunction with the State Office of Consumer Counsel, the State's Power Supply Procurement Officer and PURA. It is not clear as written, if this review and transparency will continue.

As you are likely aware, PA 11-80, which was enacted two years ago, created an energy Procurement Manager position at PURA. CL&P has been working with the Procurement Manager and the Office of Consumer Counsel to develop a plan to reduce electric rates by approximately 8% below what the rate would be from Standard Service contracts with energy suppliers. The plan has been approved by PURA, and CL&P is fully prepared to implement it beginning on July 1 of this year. This plan would continue into the future and would be fully subject to oversight by the Procurement Manager, PURA and the OCC.

We have deep concerns that adequate customer protections and choice options remain in place. We understand the Governor's Office, legislators and others will be working on the details of this proposal including the issue of customer protections and whether an "exit fee" will be implemented. We look forward to working with them on these issues.

Thank you for the opportunity to provide testimony on this bill.